

Existing law provides, for purposes of ad valorem property tax assessments, the criteria for determining the fair market value of real and personal property and requires the criteria to apply uniformly throughout the state. Further requires fair market value of real and personal property to be determined, at the discretion of the assessor, by following either the "market approach", the "cost approach", or the "income approach".

Existing law provides that the fair market value of property is the price for property agreed upon between a willing and informed buyer and a willing and informed seller under usual and ordinary circumstances; it shall be the highest estimated price the property will bring if sold on the open market with reasonable time allowed to find a purchaser who is buying with knowledge of all the uses and purposes the property is best adapted to and can legally be used.

New law authorizes an assessor to consider the "income approach" when performing a valuation of unoccupied residential immovable property held for sale by a juridical person prior to the initial occupancy. In considering the income approach, factors such as the estimated sales price of the property, the estimated holding period needed to sell the property, expenses incurred during the holding period, and the capitalization rate which includes the economic risks associated with the holding period shall be considered by the assessor.

New law further provides that the "initial occupancy" of residential immovable property shall mean the first occupancy of the property by a natural person, as well as occupancy by a natural person after substantial modification has been made to the property.

Effective August 15, 2010.

(Adds R.S. 47:2323(D))